INDUSTRY UPDATE

Hechinger elects outsiders

LANDOVER, MD. — For the first time in its 77-year history, Hechinger has elected two outsiders to its 13-member board of directors.

Herbert J. Broner, chairman, president and ceo of Mohasco Corp., and David O. Maxwell, chairman and ceo of The Federal National Mortgage Association, better known as Fannie Mae, were recently elected at the company's annual meeting here.

Broner has led the New York-based Mohasco Corp. since 1983. The company is a Fortune 500 industrial producer in the consumer durable goods line, primarily furniture and carpet manufacturing. Broner is also director of the American Furniture Manufacturers Assoc., a member of the advisory board of Manufacturers Hanover Trust Co., and a member of the Dallas Market Center Furniture Advisory Board of Governors.

Maxwell has served as chairman of Fannie Mae since 1981. He serves on the boards of Kaufman and Board Inc., and Kaufman and Board Home Corporation and the Urban Institute.

Interco rejects Rales' cash bid

ST. LOUIS — Interco rejected a $74-per-share bid on Oct. 20 and instead boosted dividend payments to shareholders.

The bid, made by Stephen and Mitchell Rales, was said to be inadequate by Interco, whose board approved a securities payout to shareholders of $38.80 per share in cash and debentures. Interco earlier announced its own recapitalization plan that it said would be worth $76 per share to stockholders.

Interco chairman Harvey Saligman recommended that shareholders reject the all-cash bid, although Wall Street is said to prefer the hostile tender offer made by Washington-based Cardinal Acquisition Corp., the Rales' investor group. Cardinal has been trying since late July to acquire the St. Louis-based Interco.

Interco is the parent company of retailer Central Hardware and wholesaler Witte Hardware.

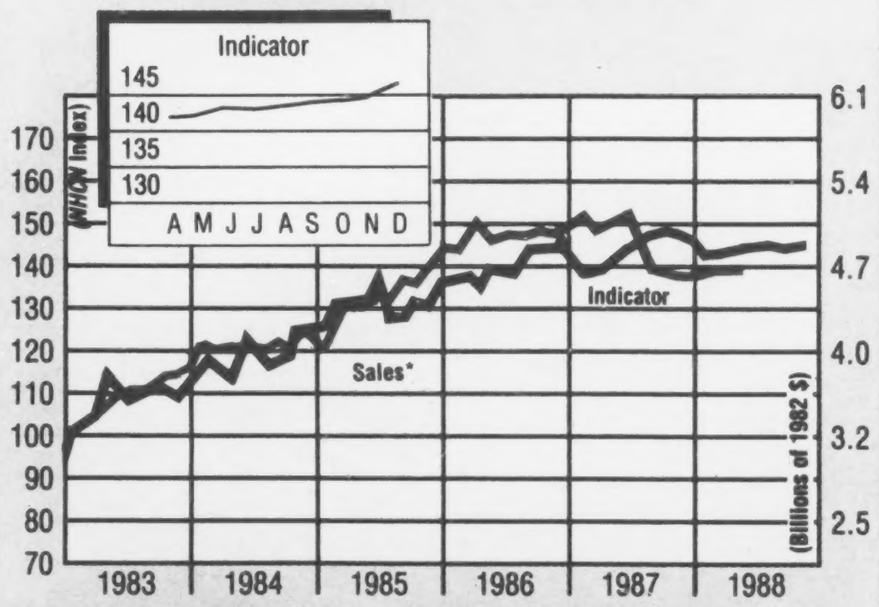
USG to sell Masonite subsidiary

CHICAGO — As part of its core restructuring plan, USG Corp. agreed to sell its Masonite Corp. subsidiary to International Paper, based in Purchase, N.Y., for approximately $400 million in cash. The deal should close Oct. 31.

Masonite, maker of composite wood products for home construction and furniture, posted $529 million in sales last year with about $58 in pretax earnings. International Paper, the world's largest paper and pulp producer, said it was interested in the company to bolster its presence in the wood products market.

USG, under pressure to recapitalize in the face of a hostile takeover attempt, additionally intends to sell its Kinkead Industries, the Marlite Division and USG's construction metals business.

NHCN Leading Sales Indicator



*—Monthly retail trade building materials, hardware and supplies in (1982 $).

Indicator—represents an estimate offuture building material retail sales (adjusted for inflation) relative to Jan. 1980, based on current levels of housing starts and resales, personal income, interest

The NHCN Leading Indicator is pointing to a small gain in building material sales in the fall due to improvements in resales and incomes. The Business Watch Column highlights the improved prospects for capital spending in 1989.

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Shareholder vote takes Payless into ranks of private companies

By Gary S. Ruderman

KANSAS CITY, Mo. — Payless Cashways has quietly slipped from the list of publicly held home center retailers.

Payless chairman David Stanley led a five minute special shareholder meeting Oct. 6, where, by proxy, more than 97 percent of Payless' shareholders reportedly approved the merger between the public Payless Cashways and the private PCI Acquisitions, the company formed by the management-led buyout group.

The day after the special meeting, Payless disappeared from the New York Stock Exchange (NYSE). The company began trading over the counter in 1969 and switched to the NYSE in 1981.

Payless could go public again, Stanley told the *Kansas City Times*, because Payless' equity partners in the buyout "expected a return on their investment in . . . a medium-time horizon."

By going public again, Stanley said, Payless could finance future needs without taking on more debt and current investors would have a market for their stake in the now-private company.

So far, 750 employees have been fired and 10 stores closed as Payless pares expenses to pay its $1.1 billion debt. No additional cuts are expected.

While the company will shift its market strategy to gain greater professional sales, what effect this new approach will have on the merchandise mix and the advertising of the 193-store chain is still up in the air, according to a company spokeswoman.

David T. Mayberry of Grossman's investor relations dead at 41

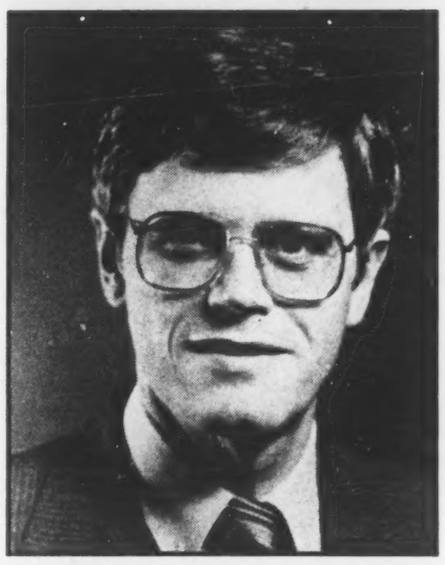
By an NHCN staff editor

BRAINTREE, Mass. — David T. Mayberry, Grossman's investor relations manager, died suddenly on Oct. 10. He was 41.

Mayberry was rushed to South Shore Hospital in Weymouth, Mass., by his wife, Donna, in the early hours of Monday morning after she noticed he was having trouble breathing. He died shortly afterwards.

"David was with us for only 11 months but in those months did an outstanding job," said Stanley Berman, executive vice president at Grossman's. "He was well liked by his fellow employees and made a very good impression on outside analysts. We are all going to miss him."

Before joining Grossman's, Mayberry was a business editor at the *Worcester Telegram*



David T. Mayberry

Photo courtesy of Worcester Telegram & Gazette

and Evening Gazette from 1976 to 1987. Previous to that he was a reporter. He joined the newspaper in 1970 after serving as a first lieutenant in the Army Signal Corps in Thailand for two years.

Mayberry graduated *cum laude* from the University of New Hampshire in 1968. He was an Alfred P. Sloan Fellow in economic journalism at Princeton University in 1975 and a Joseph E. Hughes fellow in commercial banking at Rutgers University in 1979.

He was a former moderator at the Unitarian Universalist Church of Worcester and had previously served as director of the Worcester County Poetry Association.

He is survived by his wife, Donna; son Andrew, 11; father Raymond; and brother Paul.

Donations may be made to the Andrew Mayberry Education Fund, the Organ Fund of the Unitarian Universalist Church in Worcester, Mass., or the University of New Hampshire Development Office, Durham, N.H.

East Coast Lumber aims for more retail business as founder leaves

By an NHCN staff editor

EAST HAMPSTEAD, N.H. — With the departure of its founder, Marty Feuer, on Oct. 5, East Coast Lumber is intensifying its focus on its retail business.

The three-unit independent is selling off its associated businesses in saw milling and has disbanded its import company. It now will concentrate its management and resources on developing its kitchen, bath and millwork business in existing locations to target the remodeler and the consumer.

Feuer sold his share of the company and Argus Holdings, which ran associated businesses, to Peter Lewis for an undisclosed amount.

"I just felt it was time to pursue other interests, probably marine-oriented consulting," said Feuer, a former sea captain who had been Argus' and East Coast's president.

Marty Feuer, a former sea captain and founder of East Coast Lumber, left the company to pursue other interests, including marine consulting. NHCN photo

The 12-year partnership has weathered some differences between these contrasting personalities. Feuer was more of a risk taker, keen on developing new businesses, while Lewis—whose origins lie in home building—was more of the steady, silent partner. Lewis previously spent more time with his home building than East Coast Lumber, but is now taking an active part as president. He was unavailable for comment.

Lewis will face the challenge of adapting the 70 percent contractor-oriented company to a rapidly changing customer base.

East Coast has laid off 40 people since August, including seasonal workers and others, as a means towards a corporate streamlining but also in response to the slowdown in home building in southern New Hampshire.

Steve Lowe, a vp at Argus Holdings, estimates that the housing market is down between 20 percent to 25 percent this year from 1987.

(Continued on page 56)

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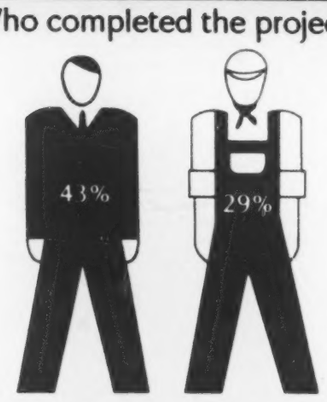
Install Floor/Ceiling Tile

Who initiated the project?

Who influenced what was bought?

Who made the purchase?

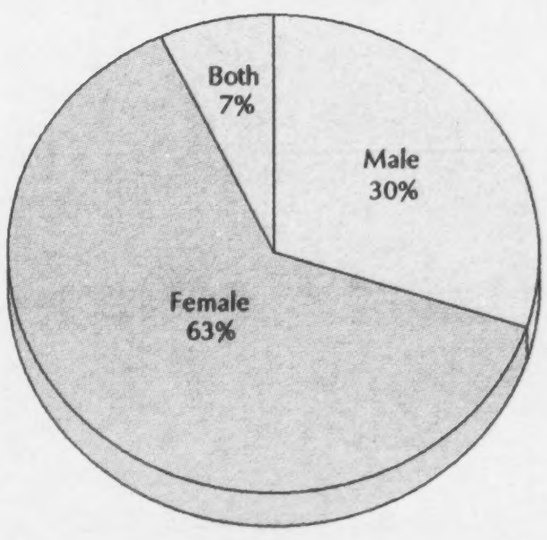
Who completed the project?



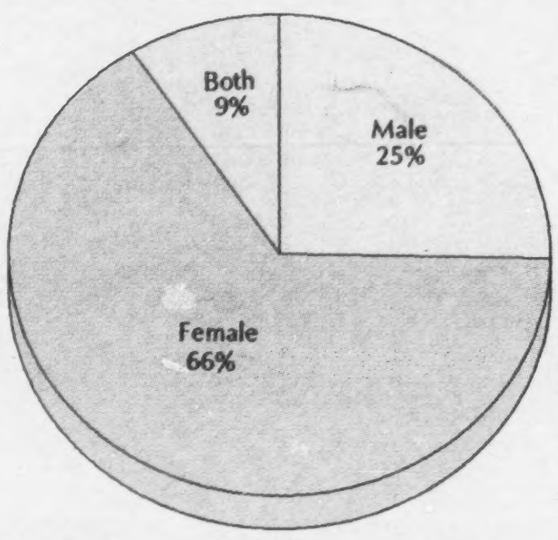
When it comes to installing floor or ceiling tiles, the female clearly plays the dominant role when it comes to initiating the project and influencing what is bought, at 55 percent and 64 percent respectively. The male and the female both have about an equal role in actually buying the product. But because of the greater strength sometimes required for these jobs, the female's role is much smaller in completing the project, with the male (43 percent) or a professional (29 percent) often doing the work.

Paint A Room

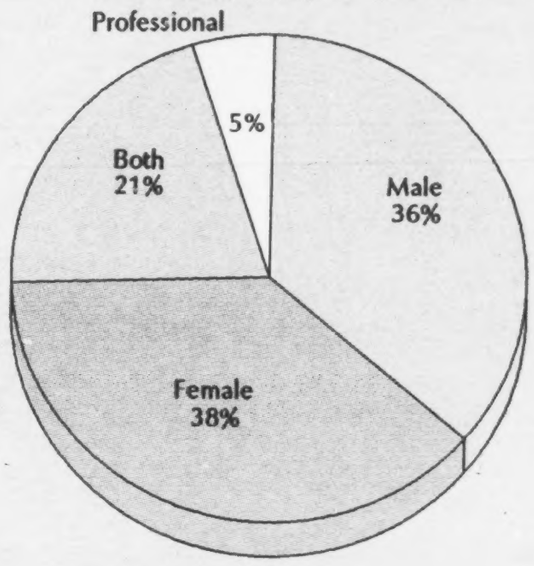
Who initiated the project?



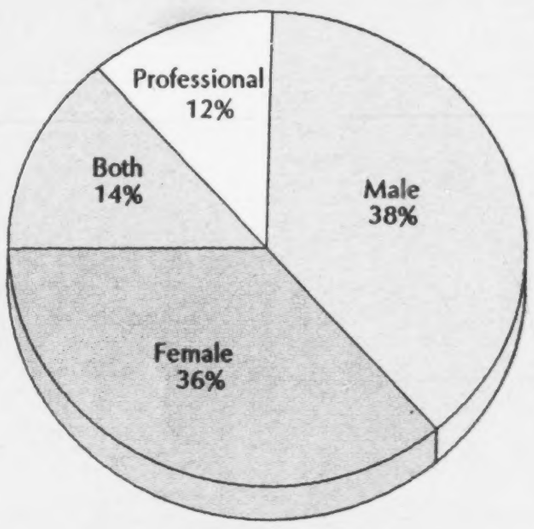
Who influenced what was bought?



Who made the purchase?



Who completed the project?



HOME FASHION PROJECTS

Who initiated the project?

	Male	*Female*	*Both*
Paint a room	30%	63%	7%
Wallpaper a room	8	84	6
Install carpeting	23	70	6
Install floor/ceiling tile	35	55	8
Install paneling	43	42	15
Install fireplace	50	22	18
Built shelves	42	53	5

Who influenced what was bought?

	Male	*Female*	*Both*
Paint a room	25%	65%	9%
Wallpaper a room	7	86	5
Install carpeting	14	70	12
Install floor/ceiling tile	21	64	12
Install paneling	31	51	15
Install fireplace	45	34	18
Built shelves	53	39	2

Source: DIY Research Institute — *NHCN* chart

Numbers provided by the DIY Research Institute indicate that women play a predominant role in home fashions sales, and especially those that require color coordination.

When it comes to initiating projects, women play the largest role on all projects except those requiring some amount of strength. Women also strongly influence what is bought. Only when it comes to actually purchasing the product and installing it do the women's influences taper off, although they are still well represented in these categories.

HOME FASHION PROJECTS

Who made the purchase?

	Male	*Female*	*Both*	*Professional*
Paint a room	35%	37%	20%	5%
Wallpaper a room	10	66	20	1
Install carpeting	20	35	43	1
Install floor/ceiling tile	32	27	32	5
Install paneling	43	20	31	3
Install fireplace	56	12	21	7
Built shelving	61	16	24	1

Who completed the project?

	Male	*Female*	*Both*	*Professional*
Paint a room	36%	34%	13%	11%
Wallpaper a room	19	49	14	11
Install carpeting	24	5	7	29
Install floor/ceiling tile	43	12	17	29
Install paneling	51	6	20	13
Install fireplace	69	11	8	30
Built shelving	69	11	8	8

Source: DIY Research Institute — *NHCN* chart

Marketing aimed at women likely to yield strong sales

By an NHCN staff editor

LINCOLNTON, Ill. — Women in the household play a very strong role in initiating home improvement projects that are home fashions related, and are usually the ones who decide what gets purchased for the job and where. But a recent study shows that women are less involved in making the actual purchase of home fashions merchandise or, with the exception of wallpapering, completing the project.

Consequently, home centers that are setting up their stores in a way that appeals to female shoppers need to support that effort with strong advertising campaigns to attract these decision makers in the first place. And for many chains and independents, that will mean breaking out separate ads for these products, as opposed to lumping them together with other hardlines and lumber that is of less significance to this target audience.

These findings about who initiates and influences projects are part of a massive survey of consumer attitudes sponsored by the DIY Research Institute and conducted by NFO Research Inc. NFO did 10 separate mailings of questionnaires to a total of 50,000 households between May 15 and June 1, 1986. It had 33,020 responses, of which 10,884 were usable. Sample responses were then chosen to assemble the findings.

Who's making the choices?

The purpose of the study was to discover who in the household initiated the purchase of a product or the beginning of a project, who influenced what was bought and where, who actually made the purchase, and who completed the job. Twenty-two projects and 99 products were evaluated in the study using several demographic criteria. For purposes of this issue, *NHCN* has selected for examination those related to home fashions.

As can be gleaned from the above charts, women are more likely to dominate the decision making in products and projects when the selection of color is involved. However, that influence emerges more into an equal partnership when it comes time to buy the products and that partnership is sustained in the actual performance of the project unless a measure of strength is required (such as installing carpeting), at which point the male dominates or the job is handled by a professional.

Shifts in influence as job changes

However, the demographic profile of the respondents to the study obviously had some impact on how these findings came out.

Interestingly, in the "painting a room" category, the percentage of respondents is spread out quite evenly among three basic age groups: 18-34, 35-54 and 55-plus. One-fifth in this category live in the East North Central states, and an approximately equal portion live in the Middle Atlantic region.

About two-thirds of those who painted a room reside in markets with under 2 million population. Nearly two in every five households in this group have incomes between $25,000 and $50,000. And a surprising one-fifth rent where they live.

Nearly 70 percent of this group are married and about 40 percent have some college education.

Compare these data with the category tracking the installation of floor or ceiling tile. More than two-fifths are between 35 and 54 years old and live either in the Middle Atlantic or South Atlantic states in markets with more than 2 million in population. (About one-quarter doing this installation also live in rural markets.)

Nearly 50 percent of the households putting in floor or ceiling tile have incomes between $25,000 and $50,000, and more than eight in 10 own the home they live in. Three-quarters are married, but nearly half have no college education.

HOME FASHION PROJECTS
U.S. Households Completing A Job:

Project	Percent
Paint a room	36.7%
Wallpaper a room	18.3
Install carpeting	14.6
Install floor/ ceiling tile	11.0
Paneling	6.6
Install fireplace	1.2
Built shelving	19.4

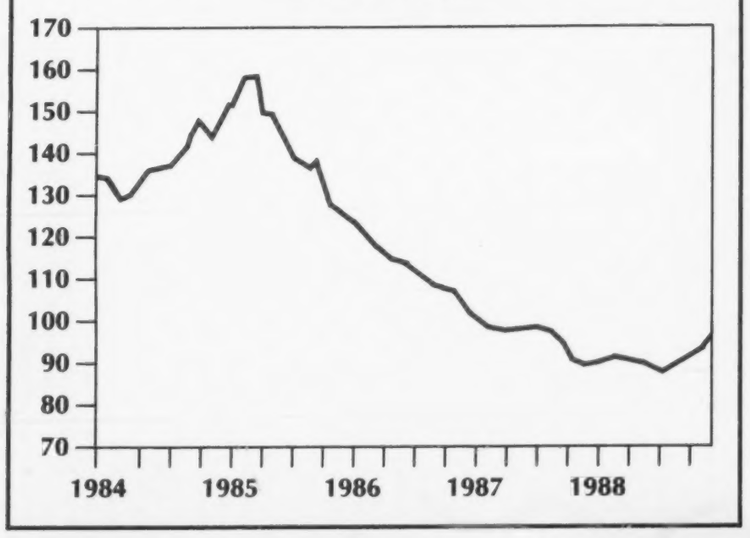
Source: DIY Research Institute — *NHCN* chart

Research indicates that a fairly large percentage of U.S. households did jobs that require color coordination.

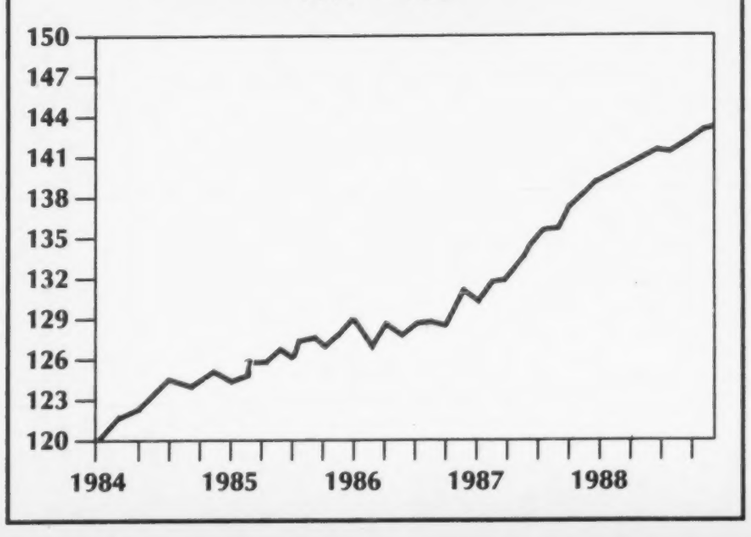
Business Watch

Section 4

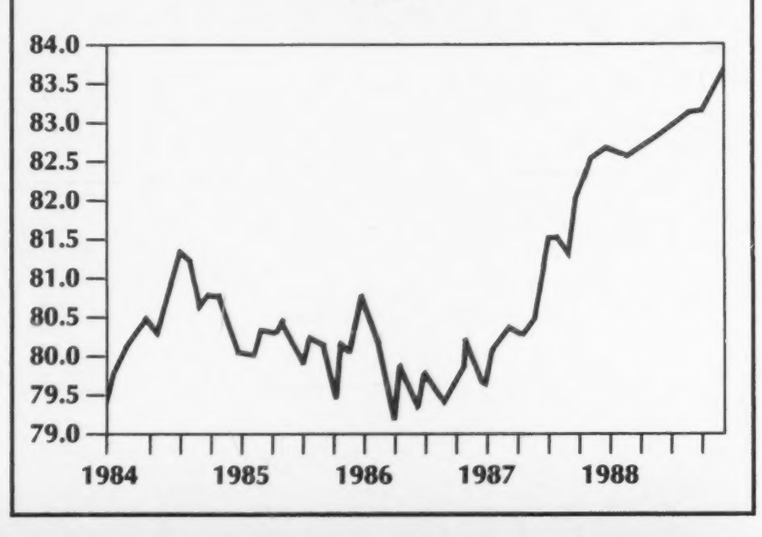
Capital spending stays strong because of lower dollar . . .



. . . increased production . . .



. . . and high operating rates.



Building material sales for 1989 hang on capital spending

By Richard E. Mount
Special to NHCN

Prospects for both building material sales and the overall economy for 1989 hang on the threads of continued gains in capital spending.

While we continue to expect a 7.9 percent rise in retail building materials sales in 1988, a slower gain of 6.1 percent is likely for 1989. Adjusting next year's increase for inflation, the rise is likely to be about 1.2 percent.

Business managers continue to question the ability of the economy to sustain its current expansion in light of its 70 month age, especially when the typical expansion is 36 months. The current expansion should not be viewed as old, however, but merely entering a new stage of recovery sparked by capital spending.

Richard E. Mount

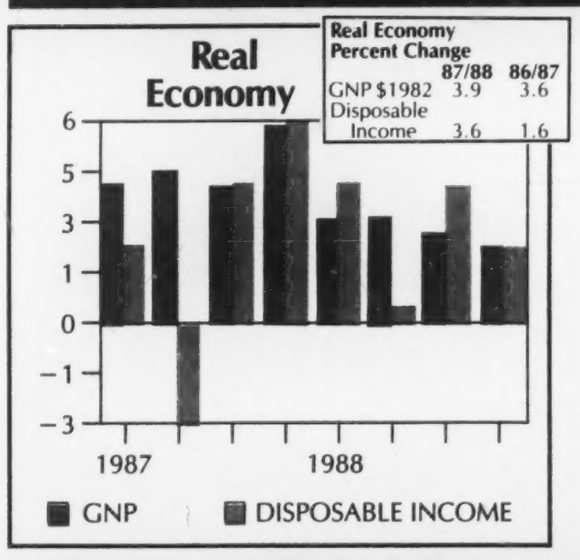
The economy is shifting from a consumer led expansion to one of capital spending, and fundamentals for capital spending in 1989 remain increasingly favorable. Manufacturers' operating rates are currently 83.8 percent, up from 79.6 percent at the beginning of 1987. Historically, when rates exceed 81 percent, capital spending accelerates.

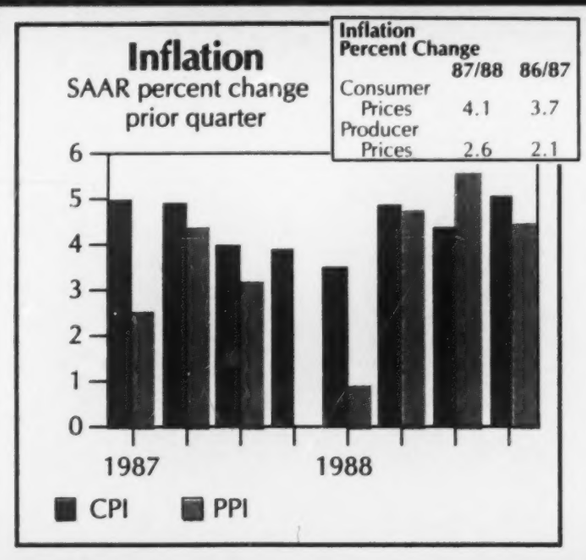
The recent boost in capital spending was initiated by the 44 percent drop in the value of the dollar from its March 1985 high. While it has recovered 8.5 percent since April of this year, it still keeps U.S. manufacturers competitive in world markets. It took almost 21 months for the drop in the dollar to make a meaningful impact on real exports, and the recent uptick should take as long, if not longer, before growth in exports slows from the somewhat higher dollar.

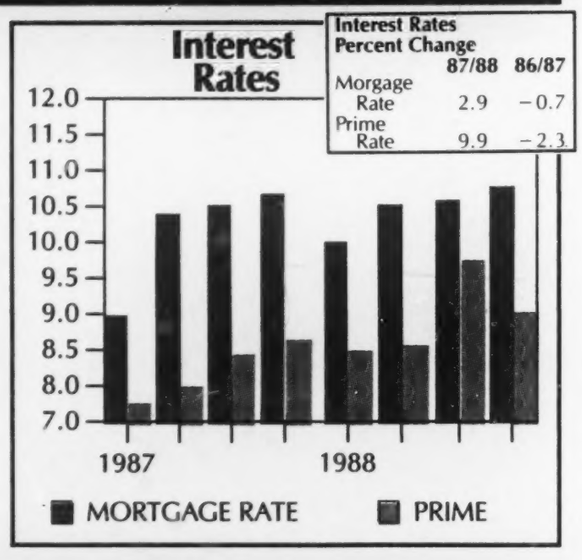
For building material retailers, the continued rise in capital spending will sustain the economy in 1989, keeping consumer incomes and retail sales strong. Sales gains in 1989 will not be as strong as in 1988 because of declines in housing starts and resales. But no recession is in sight.

Richard Mount is president and chief economist with Mount Economic Consulting.

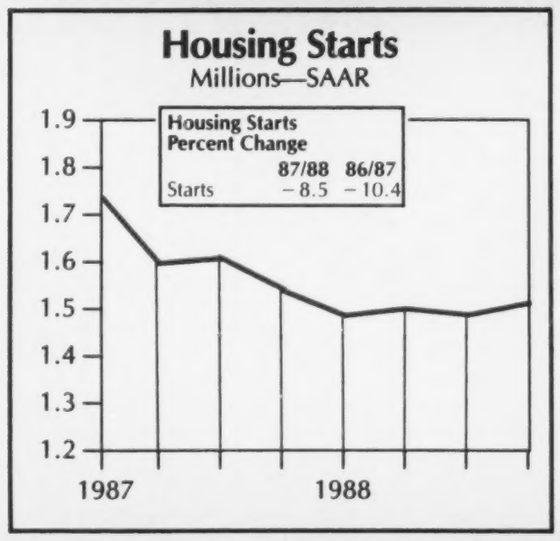
General Business Conditions

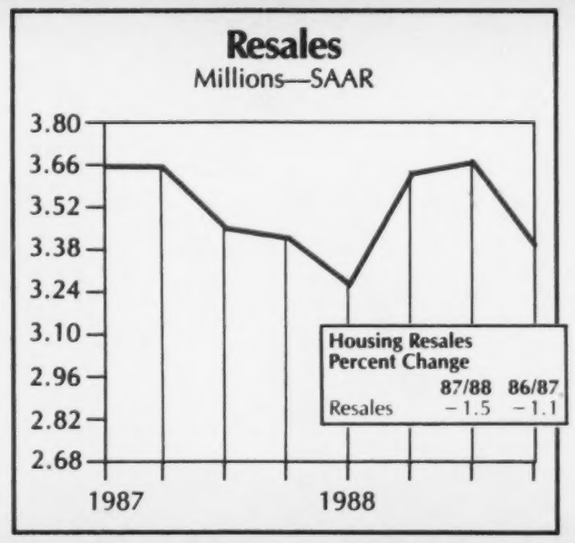


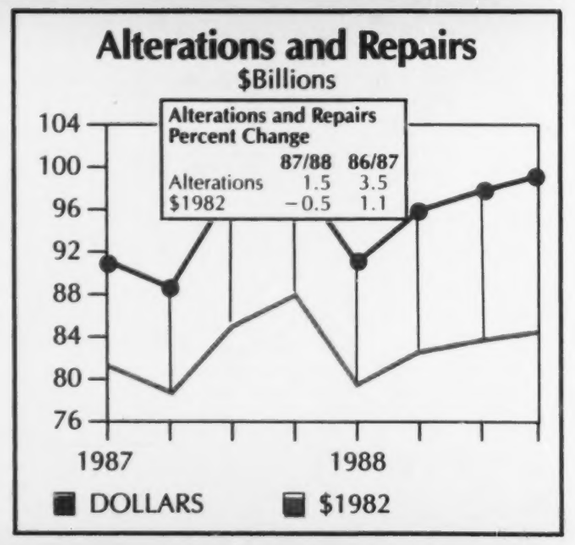




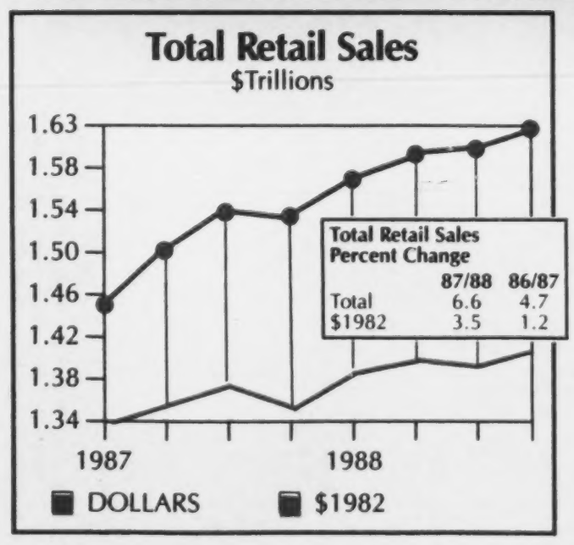
Housing

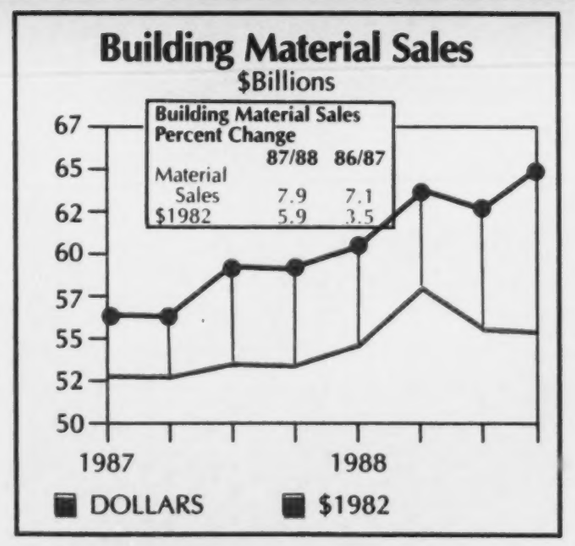


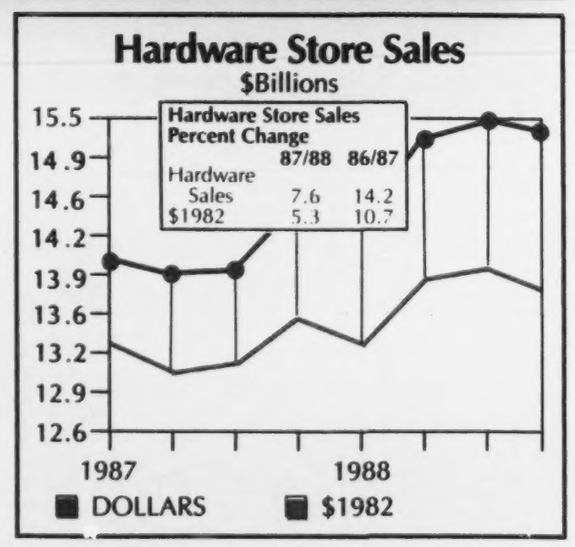




Retail Trade Activity







Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales. The *NHCN* Leading Indicator runs every issue on page 5.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart

Dire predictions proven false in aftermath of crash

(Continued from page 1)

"Consumer confidence [in the economy] is even higher now than before the Crash," added Richard Curtin, the director of consumer surveys for the Consumer Confidence Study at the University of Michigan in Ann Arbor, Mich.

"Most consumers realized this was a problem of Wall Street not Main Street."

Consumer confidence back

Chuck Davis, the president of the 52-unit Rickel Home Centers in South Plainfield, N.J., saw more optimism among customers, if the demand for credit provides any indication.

He said the average ticket has increased for purchases that are charged.

Georgia-Pacific has focused its marketing efforts on repair and remodeling since the Crash, and its sales in this sector are "stronger than ever," according to Richard Good, director of corporate communications and investor relations for the Atlanta-based building products supplier.

And if any customers felt pessimistic enough to postpone purchases, that pent-up demand is now finding release, noted Tom Thornton, president and ceo of Mr. Goodbuys, the 17-unit chain based in Philadelphia.

"We see people spending because they curtailed spending for a long time in major ticket items such as kitchen and bath," Thornton said.

A quick survey of dealers around the country finds that some areas were hit harder than others as a result of the Stock Market Crash. For example, A. C. Houston Lumber Co., based in Wichita, Kan., experienced a three-month sales slowdown after last October, according to its vp Robert Houston.

"The shock just hit everybody everywhere," Houston said, adding that growth will prove strong for the year.

Conversely, in Florida, "I don't think it impacted us one way or another," said Dan Tibbets, vp for Cox Lumber Co., the 13-store chain headquartered in St. Petersburg.

Keith Hendee, director of corporate communications for Causeway Lumber, a three-store company in Fort Lauderdale, agreed with Tibbets.

"Our business is about the same as last year," Hendee said. "Traditionally, Florida doesn't follow the rest of the nation."

At Great Plains Supply, a 32-unit chain with home offices in St. Paul, Minn., sales are increasing this year because of the farm economy's ability to resist the effects of last summer's drought, not because of rebounding stock prices, said Jeffrey Lehmann, vp and general manager.

LBOs surge

Observers said the Crash led some chains to initiate leveraged buyouts to guard against takeovers when stock prices were low, and took on massive debt and interest expense. Payless Cashways and Pay 'N Pak are two of the more noteworthy examples.

"The LBOs that have taken place in our industry have certainly weakened the balance sheet of those companies involved," said Robert Anderson, executive vp for the publicly held, 44-unit Wolohan Lumber based in Saginaw, Mich. "But I don't think it has changed the attractiveness of investments for those remaining public companies."

Suppliers said they sometimes feel skeptical about leveraged companies.

"As long as the motives for restructuring a company are to strengthen and build, *not* just to stay independent, I am not concerned," said Jeffrey Silverman, chairman and president of Ply-Gem Industries, New York. "However, if the result is a debt-ridden, fiscally unsound entity, then it becomes a factor in calculating credit risk."

The trend toward "going private" by taking control of huge chunks of stock has not grown strong enough to threaten the Wall Street prestige of the remaining public companies, analysts said.

Shouldn't affect growth

"If you don't have decent, large [public] companies out there, interest on the Street will decline," said Robert Curran, an analyst with Merrill Lynch. "The less exposure you get, the less interest you'll generate. We're not there yet, but it could happen."

Retailers said that neither the Crash nor the LBOs will affect the way home center chains finance expansion.

"[Financing] depends on the situation and the economy in the short-term," said Home Depot's Brill, whose earnings have exploded this year, and which still has substantial cash reserves to draw upon for store growth.

"There's more money available out there now than we can use," said Cox Lumber's Tibbets, who nevertheless conceded that financial institutions are "getting tougher" on higher risk borrowers.

Ply-Gem's Silverman said the prospect for acquistions are even more attractive because stock prices are lower now than prior to Oct. 19, 1987. Anderson agreed.

"While we have not made as many acquisitions as we had planned this year," said the Wolohan exec, "it had nothing to do with the stock market Crash. We are still sitting on $20 million in cash. We have purchased three stores this year, but we have the capacity and the interest in completing several more acquisitions."

Rickel opens its newest store in the Bronx

(Continued from page 1)

"It's like a candy store for them."

"At first they didn't know what we were," recalled store manager Frank Parise. "They didn't understand the concept of a home center prior to us being here."

One of those enthusiastic customers, auto mechanic Robert Stephenson, lives in Throgs Neck, 10 minutes from the store by car.

"I would say it's the first one of its kind in The Bronx," Stephenson said. "Prices are noticeably cheaper. Look at this wheelbarrow I just picked up. I priced it at $44.95 at the mom and pop, and here it was $24.95 on sale."

"This area needs a place like this," said Lou Carlo, a resident of nearby Castle Hill and manager of the store's lumber department.

"[Husbands] come here to buy lumber and the wife hits everything else. On the weekend, they don't come without the wife."

James Schillaci, a retired bus driver, called the store "spacious," but said he was most impressed with the employees.

"The help is more than congenial," Schillaci said. "They give you a hand. I hope it lasts."

Nellie Mazzarelli, a Domino's Pizza cashier, praised the store, saying, "The selection is just great."

Business was booming in the middle of the afternoon a week after the store opened in early October, with the grand opening still more than two weeks away. Up to 50 job applicants were arriving daily.

The first weekend, the store's main aisle became a community center, Parise said, where people greeted their neighbors.

"It's mostly word of mouth," said store manager Parise, a nine-year Rickel veteran, as the store had yet to publish circulars.

To maintain the initial heavy traffic, the chain has matched the merchandise assortment to the clientele through surveys and through visits to a Co-op City model apartment.

In The Bronx, Rickel has doubled the space devoted to security devices in the chain's prototype store, Parise said.

"Burglar bars, for example, are [given] four linear feet in other stores and eight feet here," he said.

Indoor chemicals were expanded at the expense of outdoor chemicals. Housewares got expanded facings and the store retains the chain's large leased domestics departments.

Categories that warrant less than the usual space include lawn and garden, fencing and landscape timbers, Davis said.

The 10,000-square-foot outdoor yard is really indoors, fully enclosed for security.

Parise noted that the store retains a full millwork display. The store also offers all lumber products available at other Rickel stores, but allots half the facings.

Paint is stocked on steel racking to minimize thr floor space used.

Because of the older population this store serves, it offers a 10 percent senior citizen discount Monday through Friday, rather than follow the Wednesday-only discount policy typical of Rickel stores, Parise said.

John's Lumber sends workers cruising

(Continued from page 1)

worked a minimum of 30 hours a week through October. Earlier this month, sales broke the $10 million mark—with year-end projections to beat the '87 record—and Aggeler made the travel reservations.

"When you think of sales you usually think of sales people. Yet it's the phone operators who take the calls, the yard guys who fill the orders and the cashiers who treat the customers courteously" that keeps the sales coming, explained Denise Bidigare, ad manager for John's. The company is based in the Detroit suburb of Mt. Clemens, Mich.

Aggeler, 39, originally considered an incentive travel plan for the top 10 sales people. But he changed his mind.

"When a team goes to the World Series, they don't just take the best pitchers or hitters. They take the doctor and the shoe shine boy, too.

"These have been great growth years. Yet we needed to thank people who stuck it out [with John's] in the 1981 and 1982 years when business was flat," he said. He decided to include all employees in the sales drive. Employee turnover is low at John's; the least senior person there has two years of service.

The teamwork incentive bonus has a long history at John's. For the last 10 years, contractors, who make up 50 percent of the business, took incentive trips. The pros committed to a specific trip and John's credited one percent of their purchases for the trip. Contractors who paid balances on time earned extra bonuses.

Gross profits pays the cost of the trip, Aggeler said. A Chicago incentive travel specialist estimated the cost at $140,000.

Wickes management cancels takeover

(Continued from page 3)

guys," referring to Sigoloff's handpicked board members.

Moreover, the *Wall Street Journal* on Oct. 17 quoted an unidentified outside director as saying the $12-a-share buyout cancellation raises "a valid question . . . about Sandy and his management of the company."

As originally unveiled, Sigoloff and other members of Wickes management planned to take the $3.8 billion company private with the help of their investment banker, Drexel Burnham Lambert.

Drexel was to own between 20-and-30 percent of the new Wickes. The investment banker also would privately place 45-to-50 percent of the stock with institutional investors, with management taking a minority stake.

But in an unusual move, Sigoloff said he would wait 60 days to allow rival bids to surface to give shareholders maximum value. Michael Tennenbaum of the Los Angeles office of Bear Stearns & Co. was hired to solicit rival bids.

Buried in debt

On Oct. 7, Wickes said it had received inquiries from 100 parties but no one "has made an offer nor engaged in negotiations" with Bear Stearns.

Observers said the proposed management buyout was complicated by tax and legal ramifications. Suitors may have had second thoughts about the prospect of running a company with debt over $2 billion.

Other problems facing any acquiring company would be the requirement that Sigoloff and other officers receive $17.7 million in severance payments and Drexel Burnham receive a $20 million fee.

East Coast Lumber founder leaves

(Continued from page 2)

East Coast, which had sales of $58 million in 1987, projects a drop of nearly 14 percent by year-end, to $50 million, according to Lowe.

The changes at East Coast Lumber began this spring when the company sold off its Dixfield saw and planing mill and closed the drying kiln at its Portland, Maine, yard. The 3,500-square-feet was converted into a new kitchen, bath and millwork showroom.

This area, together with a remodeled hardware section, has boosted sales, and Portland had its first $1 million month this August. But year-end projections are down to $10 million from previous estimates of $12 million.

East Coast has also embarked on a $50,000 renovation of its Ossipee store in central New Hampshire, where it is adding a 2,500-square-foot kitchen and bath showroom. It also became a stocking dealer for Andersen windows. This opened Oct. 29.

At its main East Hampstead yard, the company has downsized the work force by about 10 percent, according to Lowe. It has incorporated the sales and shipping employees of its wallboard business into its main contractor business.

In August it disbanded International Building Supplies, its import/export business founded in 1986.

Soon Argus Holdings will be synonymous with East Coast Lumber, as it has signed a purchase and sale agreement for its West Enfield saw mill in Maine, the only other remaining Argus business.

Home centers deck their halls with trim-a-tree items

(Continued from page 3)
removing them to make room for the holiday items.

Mr. Goodbuys, the 17-store home center chain based in Philadelphia, is going with "proven winners" in this category, according to merchandise manager Bob Tablinsky.

About 1,500 square feet in each Mr. Goodbuys will be devoted to trim-a-tree this season, Tablinsky said. Each display will show 13 fully decorated trees (some retailing for $200, according to lawn and garden buyer Rick Beeson), and several "upscale" items such as 15 skus of illuminated, plastic outdoor figures and 12 skus of fully costumed, 26-inch high Santas, reindeers and other holiday fare.

Busy Beaver in Pittsburgh will use 24 feet of counter space for similar items, in addition to space for nine professionally decorated artificial trees, according to Jim Desiderio, seasonal buyer at the 14-unit company.

People this year will look for simple items, such as a single electric candle with a brass base to place in windows at home, he said.

In addition, there appears to be a trend toward clear white lights, which "every year become more popular," Desiderio added.

'Gift' items

Several chains like Busy Beaver aren't heavily involved with gift packages. That is in stark contrast, though, to what Star Lumber is doing in its three stores in Wichita, Kan.

Christmas trees decorated with hand tools and other gift items will be placed in high-traffic aisles in early to mid-November to give customers gift ideas, said Mark Brozek, field merchandiser at Star.

Last year, employees from Star's three stores were involved in a store decorating contest, but Brozek did not know if that would be repeated again this year.

Also, while Mr. Goodbuys makes a concerted effort to advertise and bring customers in, especially to buy trim-a-tree items, Lloyd Home Centers, based in Danbury, Conn., offers these items more as a convenience for customers shopping for other things. "Lloyds doesn't emphasize Christmas like other home centers and discount stores," said Jeff Gross, seasonal buyer at Lloyd's 34 stores.

And yes, there is Christmas in Florida. Scotty's, the Winter Haven, Fla.-based chain with 156 units, almost all of which are in the Sunshine State, has "very minimal" plans for the Christmas season, said Jack Stover, director of visual merchandising. Banners hanging from the ceilings will be about the only indication Christmas is on the way.

Are vinyl pleated blinds the 'next big thing'?

(Continued from page 1)
So far, the message has not even reached many home center window treatment buyers, according to an informal survey by *NHCN*.

So, the daunting task of building awareness is inspiring caution, even among boosters of vinyl pleated shades.

"Once consumer awareness builds, they should do quite well," said Jim Scoledes, national sales manager for Jencraft, the Totowa, N.J.-based supplier that now offers vinyl pleated shades. "The jury's still out as to whether the consumer is ready for them."

Gary Lipkin, national sales manager for Ralph Friedland & Bros. of Keyport, N.J., whose company has introduced vinyl pleated shades that retail for $12.99 for 36 inches by 64 inches, said he expects "a little hesitation from the consumer at first."

At Clopay, the Cincinnati-based supplier, management has timed the company's debut of vinyl pleated shades to an expected expansion of the market for the product by the end of next year, said product manager Bill Pohl, product manager.

"I think it's pretty early," Pohl said of the new product. "I don't know if it will get there for a while. Vinyl mini-blind sales doubled in a few years and consumers are looking for something new. There's a trend toward a softer look. But, heck, it could be 1990."

Lewis Hyman Inc., a Carson, Calif., importer, is also biding time until the market develops, said Mark Dorn, a regional sales manager.

"We haven't gotten into it, but we're looking at it closely because it should be the next big thing," Dorn said. "Once it takes off, we'll get into it."

Not surprisingly, people at companies supplying custom programs were most skeptical of the pleated product.

Paul Anderson, marketing coordinator for Nanik, the Wausau, Wis.-based supplier, said his company would not enter the fray, though he noted that "I can see where they might have stock potential."

"People don't understand them and walk right by them," said Jim Ford, marketing vp for Sturgis, Mich.-based Kirsch. "It's just not a product that people are aware of at the self-service level."

"The vinyl pleated shades we have seen, heretofore, we will not sell," added Steve Thomas, vp-merchandising and product development at Newell Window Furnishings, of Freeport, Ill.

Thomas traced his bad feelings about inexpensive pleated shades to three years ago, when suppliers from the Orient brought in pleated shades made of paper, a product that failed miserably by most accounts.

Now, however, pleated shades are apparently approaching the point in the product cycle that brings merchandise to the mass market, said Clopay's Pohl.

He noted that fashion usually begins with designers who choose custom products for residential customers, then moves into the contract market with appearances in offices and public buildings, followed by a move to the department stores and, finally, into the mass market.

Suppliers said home center merchants compete effectively in the category, meeting the challenge of general merchandise stores.

So far, though, most industry buyers have yet to learn about vinyl pleated shades.

For example, Bob Cullen, domestics buyer for All American Home Center, the Downey, Calif., independent, said he was unfamiliar with the new product but seemed interested when he heard about it from *NHCN*.

"I would be willing to try it if the price point is right for us," Cullen said, despite earlier problems with a stock pleated shade that he said failed because of weak displays.

But Paul Blake, buyer for the 156-unit Scotty's in Winter Haven, Fla., best summed up dealer attitudes towards the product now. "It's a long way down the road."

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